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**Title:** The $38 Trillion Secret: How Your Savings Are Funding Government Survival **Author:** Economy Rewind

## The Invisible Debt Crisis and the Failure of Traditional Repayment

The number you see in your bank account today is essentially a mirage because it represents significantly less **purchasing power** than it did yesterday, and it is mathematically guaranteed to represent even less tomorrow. This is not the result of standard market forces or capitalism, but rather a calculated **wealth extraction system** that remains invisible to 99% of Americans. The United States government is currently facing a **$38 trillion debt problem**, which equates to roughly $289,000 for every single taxpayer in the country. To put this in perspective, an individual earning $50,000 a year would have to pay every single penny of their income in taxes for 5,800 years just to cover their personal share of this burden.

Furthermore, this debt is not static; it is currently expanding at a rate of **$1 trillion every 100 days**. At these current rates, the national debt is projected to exceed $45 trillion by 2030 and soar past $60 trillion by 2035. The inescapable mathematical reality is that this debt can never be repaid through conventional means like tax increases or spending cuts. Government agencies, including the Treasury Department and the Congressional Budget Office, have already modeled this reality and have implemented a solution designed to ensure government survival at the direct expense of your personal wealth.

## The Systematic Devaluation of the U.S. Dollar

While wages appear to have risen over the decades, the real-world affordability of essential assets has collapsed. In 1980, a house cost the average worker approximately three times their annual salary, whereas today it costs **eight times their annual salary**. Even though median household income has increased from $21,000 in 1980 to $74,000 today—a 252% increase—houses remain unaffordable because the dollar has been **systematically devalued**. A single dollar from 1980 now requires $3.78 to match the same purchasing power, at least according to official figures.

However, the source argues that the **official inflation rate** is a fabrication designed to hide the true destruction of your wealth. In 1980, the government changed the way it calculated inflation specifically to obscure these figures; if measured by the original 1980 standards, the real inflation rate would be between **8% and 12% annually** rather than the reported 2% to 4%. This devaluation is an intentional policy because the Federal Reserve's unofficial, yet primary, mandate is to **keep the government solvent**, making all other economic goals subordinate to that objective.

## The Mechanics of Financial Repression

To keep the government functioning, it must issue bonds to borrow money. If the government were forced to pay true market interest rates—estimated at roughly 6%—the interest payments alone would cost **$2.28 trillion annually**, consuming nearly half of the entire federal budget. To prevent this collapse, the Federal Reserve manipulates the financial system to **artificially suppress interest rates**. This is achieved through the largest financial intervention in history: Federal Reserve balance sheet operations.

Since 2008, the Fed's balance sheet has exploded from $800 billion to **$7.8 trillion**. This $7 trillion was created electronically out of nothing and used to buy government bonds and mortgage-backed securities. By creating this **artificial demand**, the Fed pushes bond prices up and interest rates down, allowing the government to borrow at 2% to 3% instead of the 6% to 8% the free market would demand. This creates a **hidden subsidy** of $1.5 trillion to $2 trillion every year, a cost that is paid for by every individual who holds U.S. dollars.

## The Fiscal Dominance Regime and Captive Markets

We have entered what economists call a **fiscal dominance regime**, where monetary policy is no longer independent but is instead subordinate to the financing needs of the government. The Federal Reserve is effectively trapped; it cannot raise interest rates high enough to truly stop inflation because doing so would **bankrupt the government** through exploding debt-service costs. When the Fed attempted to raise rates to 5.5% in 2022 and sell bonds via quantitative tightening, their efforts were overwhelmed as the government issued **$2.5 trillion in new debt** during that same period.

Because foreign central banks are reducing their holdings of U.S. debt, the government has turned to a **captive market** of domestic institutions. Through regulations like **Basel III**, pension funds, insurance companies, and domestic banks are legally required to hold government securities regardless of whether they provide a real return. This is **financial repression** in its purest form, using subtle regulatory maneuvers to ensure that private savings flow automatically and invisibly into government coffers.

## The Mathematical Theft of Your Savings

The transfer of wealth from your pocket to the government is a simple mathematical function of **negative real returns**. If you hold $100,000 in a savings account paying 2.5% interest while the actual inflation rate is 4.5%, you are losing 2% of your purchasing power every single year. After a decade, while your nominal balance may have grown to $127,000, that money will only buy what **$85,400** buys today. You will have lost $14,600 in real wealth while being told your account balance is increasing.

This systematic destruction of purchasing power is how the government plans to make **$38 trillion in debt "disappear"** without ever actually paying it back. By inflating the currency, the government reduces the real value of what it owes. This self-reinforcing cycle requires ever-increasing inflation to manage the growing debt, leading to deeper negative real returns for savers. The government is betting on **option two**: successfully inflating away the debt over the next 15 years to reset the debt-to-GDP ratio.

## Historical Precedents and the Inflationary Reset

There is a clear historical blueprint for this strategy. Between 1945 and 1970, the U.S. reduced its debt from 106% of GDP to 37% not by paying it off, but through **financial repression**. They capped interest rates, allowed inflation to run hot, and forced institutions to hold government bonds, effectively transferring wealth from savers to the government for 25 years to eliminate two-thirds of the debt burden.

Today, the government is executing the same strategy but on a much larger and more sophisticated scale. The Congressional Budget Office projects that debt-to-GDP will peak at **180% by 2050** before inflation-fueled growth begins to "improve" the ratio. Mathematically, if the government allows inflation to outpace debt accumulation, they can owe $60 trillion nominally in 2038 that only has the purchasing power of **$39 trillion today**. In this scenario, the government eliminates **$21 trillion in real debt burden** without making a single extra payment, while the cost is borne by every person holding a savings account, pension, or insurance policy.

## The Future of Control: CBDCs and Programmable Money

The endgame for this system involves the implementation of **Central Bank Digital Currencies (CBDCs)**, which are currently being developed by 95% of the global economy. These are not merely technological upgrades but are powerful **control mechanisms** that allow for complete visibility into every transaction. With CBDCs, the government could implement **negative interest rates** directly on your digital holdings, automatically tax your wealth, or even make your currency expire if it isn't spent within a certain timeframe to force economic activity.

This represents the ultimate evolution of financial repression, moving from subtle devaluation to the ability to **confiscate wealth directly** through programmable currency. The public messaging for CBDCs focuses on security and convenience, but the underlying agenda is to provide the government with the tools necessary to manage the final stages of its debt crisis.

## Survival Strategies in a Devaluing World

The only way to survive this massive wealth transfer is to recognize that **cash and bonds** are designed to lose. Holding dollar-denominated promises to pay in the future—such as savings accounts, money market funds, or pension promises—guarantees a loss of purchasing power. The system is intentionally designed to push you into **risk assets** because those are the only places that might outpace inflation.

To protect yourself, the source suggests positioning your wealth in **hard assets** that cannot be inflated away, such as real estate, gold, and productive investments that generate real economic value. Diversifying internationally can also reduce your dependence on a single devaluing currency. The $38 trillion doesn't just vanish; it is being transferred from those who planned conservatively to the institutions that spent recklessly. By the time the average person realizes they have lost 30% to 40% of their purchasing power, the transfer will already be complete. Your only choice is to recognize the mechanism now and decide which side of the wealth transfer you want to be on.

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